

MINUTES

**MONTANA SENATE
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN TOM ZOOK**, on April 24, 2003 at 10:30 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Tom Zook, Chairman (R)
Sen. Bill Tash, Vice Chairman (R)
Sen. Keith Bales (R)
Sen. Gregory D. Barkus (R)
Sen. Edward Butcher (R)
Sen. John Cobb (R)
Sen. Mike Cooney (D)
Sen. John Esp (R)
Sen. Royal Johnson (R)
Sen. Bob Keenan (R)
Sen. Rick Laible (R)
Sen. Bea McCarthy (D)
Sen. Linda Nelson (D)
Sen. Trudi Schmidt (D)
Sen. Debbie Shea (D)
Sen. Corey Stapleton (R)
Sen. Emily Stonington (D)
Sen. Jon Tester (D)
Sen. Joseph (Joe) Tropila (D)

Members Excused: None.

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note. These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing & Date Posted: HB 19, 4/24/2003
Executive Action: HB 19

CHAIRMAN TOM ZOOK said he needed to ask them to reconsider their action on **HB 19**. It was indefinitely postponed.

Motion: **SEN. KEENAN** moved to reconsider action on **HB 19**.

SEN. KEENAN advised **REP. DAVE KASTEN** has proposed amending **HB 19** into **SB 483** on the floor of the House. **SB 483** was a committee bill he requested that says the ending fund balance has to be positive. It ratchets down the ending fund balance in the last nine months before the session. **REP. KASTEN** would amend that in, and then kill the bill. **SEN. KEENAN** thought they could kick out **HB 19** and see how far it can get in the process.

SEN. DEBBIE SHEA read the short title of the bill--"Generally revise state expenditure limits."

Discussion:

SEN. JON TESTER asked why the bill has to come off the table if he is going to kill it anyway.

SEN. KEENAN said **SB 483** is scheduled for second reading tomorrow in the House. In it's current form, it would probably pass. **REP. KASTEN** is talking about amending **HB 19** into this bill, and then killing it.

CHAIRMAN ZOOK advised two years ago, **REP. KASTEN** had a similar, if not the same bill, and it wound up in the same place it is now. Apparently, he wants to make a further stab at it.

SEN. KEENAN said **REP. KASTEN** had the pretty much the same bill in 1999 and 2001. It is a limitation for state expenditures, and is a passionate issue for **REP. KASTEN**.

SEN. JOE TROPILA said if it's dead it's dead. He said this sounds more like Betty Lou Kasten than **REP. DAVE KASTEN**.

SEN. MCCARTHY stated the committee decided to indefinitely postpone it. It's been considered in two other sessions, and she wondered why it's being resurrected.

SEN. KEENAN thought if this bill can be scheduled for Second Reading, he doesn't know how far it will get. That would prevent **REP. KASTEN** from playing games with **SB 483**. He felt **SB 483** should just go through.

CHAIRMAN ZOOK advised **SB 483** is the committee bill also dealt with the budget, and he thought the vote was unanimous.

SEN. MIKE COONEY asked **SEN. KEENAN** if this bill is resurrected and taken to second reading, will **REP. KASTEN** back away and not do his mischief with **SEN. KEENAN'S** bill. **SEN. KEENAN** said that is his understanding. **SEN. COONEY** thought there would eventually be a face-off, and he wasn't sure if there wouldn't be the same result in the end. **SEN. KEENAN** said that is entirely possible.

SEN. MCCARTHY advised they still have three open bill requests from the committee that could have been used to implement what they needed in **HB 2**.

SEN. JOHN ESP recalled when they dealt with this bill, they got hung up on the super majority issue. He thought the super majority was in current law. He had offered to work on the bill, but nobody seemed interested. The bill may or may not have as many holes in it as they thought. It had been considered late at night. He thought maybe they should get it to the floor and talk about it.

CHAIRMAN ZOOK declared **REP. KASTEN** was now present, and could answer questions.

SEN. KEENAN asked **REP. KASTEN** about his intention to amend **HB 19** into **SB 483**. **REP. KASTEN** advised he had an amendment drafted. **SEN. KEENAN** said it was his understanding that **SB 483** would be killed. **REP. KASTEN** said no, he believed it would pass and may even be improved.

SEN. COONEY asked what happens if **REP. KASTEN** is successful and rebuilds **SEN. KEENAN'S** bill, passes it, and then sends it over to the Senate. With the fact the bill is indefinitely postponed, he wondered if they could accept the bill back into the Senate.

SEN. KEENAN said if **REP. KASTEN** is successful in amending **SB 483**, it would essentially kill that bill. He didn't think there is enough time for the Senate to get back the amended version of **SB 483**.

SEN. JOHNSON said if they're going to play the game, he'd like to know the rules. **REP. KASTEN** remarked he just wandered in, and didn't even know they were discussing this. He didn't want **HB 19** to die, because he felt it's a very good bill. Because of the title of **SEN. KEENAN'S** bill, it could be amended in on the floor. **HB 19** is a real simple bill.

SEN. JOHNSON said **REP. KASTEN** had a similar bill in the last two sessions, and he wondered how it would tie in with the other bill. **REP. KASTEN** said it would fit in the title. **SEN. JOHNSON**

asked about the amendment. **REP. KASTEN** said the amendment puts **HB 19** inside of **SB 483**. **SEN. JOHNSON** asked if both titles are broad enough. **REP. KASTEN** said that is correct. **SEN. JOHNSON** asked if it changes anything in **SB 483**, and **REP. KASTEN** said it does not.

SEN. ESP advised page 3, line 6 of the bill is where they were having trouble with the 2/3 vote. The 2/3 vote is referenced on lines 9 and 10. It refers to a section of current law that is on page 4, line 29. In current law, there is a 2/3 vote of the legislature required. The difference is in the old law, the Governor had to declare an emergency, and then the legislature had to vote by a 2/3 vote. He didn't think, now, the Governor has to declare an emergency necessarily.

CHAIRMAN ZOOK advised the important part in **SB 483** is the declining percentage of ending fund balance towards the end of the biennium. He hoped they wouldn't lose that.

SEN. TRUDY SCHMIDT asked **REP. KASTEN** if **SB 483** was on the agenda. She wondered why he couldn't just take the language from the bill and amend it into that bill. She wondered why they have to pass **HB 19**. **REP. KASTEN** advised if they pass the bill, he wouldn't need an amendment. There would just be two bills. He said **SB 483** is a good bill.

SEN. ESP asked **REP. KASTEN** if they were to recommend this bill to the floor of the Senate today, and promised to give it a good debate on the floor, would he resist the urge to put an amendment on **SB 483**. **REP. KASTEN** said he would.

Ms. Purdy advised leadership suggested that on page 3, line 6-10 be stricken from the bill. One of the issues is, under the old expenditure limitation the current law refers to, it was extremely difficult to ever hit that expenditure limitation. The concept became almost an exercise in futility to calculate. Under this bill, it would be much easier to hit that limitation, and consequently, this section would potentially come into play.

SEN. SCHMIDT asked when they heard it. The secretary indicated it was on March 17th. **CHAIRMAN ZOOK** indicated they set a lot of House bills aside for a period, because they needed to get Senate bills out before transmittal. Several Representatives talked to him about their bills, and he told them the committee was not acting on House bills at that time. When they did get to those bills on April 8th, that is when they indefinitely postponed the bill.

SEN. TROPILA requested the budget office address the fiscal note. Under the assumptions, after July 1, 2003, the expenditure limit allows for growth to correspond to population growth, plus CPI growth. This will be more restrictive than the current limit, which allows growth corresponding to total personal income. If that is true, he thought it should be reflected in the fiscal note.

Ms. Purdy advised the fiscal note refers to whether or not it would cost more money for the budget office or the Legislative Fiscal Division to calculate this amount. It really doesn't address whether or not the legislature would come up against that limit the next time they met in session. The ultimate driver in how much money the Governor can recommend and the legislature can appropriate is how much revenue is available. In some instances, the expenditure limitation may actually be lower than available revenue. Consequently, they might hit that, but it will be a calculation that will be unique in each biennium. They would not know ahead of time. In order to avoid the expenditure limitation, they would need to pass a bill or have a 2/3 vote for anything over that limitation.

SEN. TROPILA asked about the oversight committee.

Ms. Purdy said the ultimate limitation is available revenue, not the expenditure limitation. They can go over the expenditure limitation with a super majority vote.

SEN. JOHNSON asked **REP. KASTEN** if he was going to put an amendment on **SB 483**. **REP. KASTEN** advised the amendment is the bill. It will just be inserted into **SB 483**. **HB 19** amends a statute that is in place. The budget office won't use it, and the **Legislative Fiscal Analyst's** office doesn't use it because it's not workable. It takes up a lot of time, it can't be used, and that is why he brought this up a session ago. He changed it from a session ago--it was **HB 525**. At that time, the bill had a rainy day fund, and he stripped it off which made it a better bill. If the Governor's or Legislative budget grows faster than the CPI or the population growth--in other words, the economy of the state--a flag will go up. It is not a partisan bill, it is a tool to pass a budget. If they are trying to build government faster than the economy, it will throw a flag. Over the last several years, government has grown at approximately 4.6 to 5%.

CHAIRMAN ZOOK advised total funds this time were a 9% increase over two years ago.

SEN. JOHNSON asked **REP. KASTEN** if he testified he intended to put an amendment on **SB 483** in the House. **REP. KASTEN** said he did.

SEN. JOHNSON asked if the amendment, although it has to do with this bill, is not this bill. **REP. KASTEN** said that is correct. **SEN. JOHNSON** said he doesn't really need this bill. **REP. KASTEN** said if they decide to pass **HB 19**, he wouldn't need to do the amendment on the floor to **SB 483**. The bills stand by themselves, but they also seem to fit together. He liked the part of **SB 483** with regard to the ending fund balance.

SEN. SHEA said this is twice today she had an encounter with a House member. If they didn't get their own way, they are going to ruin somebody else's bill. She asked if she was getting the right impression here.

SEN. KEENAN said that was the way it was brought to him that morning. He was handed a copy of **REP. KASTEN'S** amendment to **SB 483**, which was a bill he carried at the request of the **Senate Finance and Claims Committee**. He was told **REP. KASTEN** had worked to get enough votes to get the amendment passed, so that **HB 19** would be rolled into **SB 483**. The impression was, then the bill was going to be voted down.

SEN. SHEA said it is a sad commentary on this process if that's how they respect each other's legislation. She had a lot of legislation through the years without any real success, but she certainly didn't try to intimidate or threaten.

SEN. ESP said they were voting on a reconsideration motion. If the committee decides to reconsider and move a do concur motion, he would be willing to carry this on the floor and do his best to explain it. **REP. KASTEN** said he wouldn't mess with the other bill, if they did that.

Vote: Motion carried 10-8 with **COONEY, JOHNSON, MCCARTHY, NELSON, SCHMIDT, SHEA, TESTER, and TROPILA** voting no.

Motion/Vote: **SEN. ESP** moved that **HB 19** BE CONCURRED IN. Motion carried 10-8 with **COONEY, JOHNSON, MCCARTHY, NELSON, SCHMIDT, SHEA, TESTER, and TROPILA** voting no.

ADJOURNMENT

Adjournment: 10:50 A.M.

SEN. TOM ZOOK, Chairman

PRUDENCE GILDROY, Secretary

TZ/PG

EXHIBIT (fcs87aad)